

# Bridge

*The Idea Exchange of the credit union movement*



*November  
1946*

*See page 22*

*official publication*

*Credit Union National Association*

# More Than Half Way

**N**O BUSINESS succeeds as well as it might that fails to attract all whom it might attract, if it took the trouble to do so.

This is no less true of credit unions. We must go out of our way to welcome to membership all in our fields of membership, if we are to render maximum service, and enjoy maximum success.

The realization of this fact undoubtedly explains the growing support of the annual international credit union membership drives. Certainly this year the results of the drive should be well over those of previous years—well over the goal of 100,000 new members—to judge by the reports received in Madison.

All credit unions should participate in this year's drive. Yes, even those who have not yet even considered doing so. There is still time. That is, if aggressive action is taken promptly.

Between now and December 1 a thoroughly adequate drive could be planned and put over. (There is no reason why any particular drive has to end on that date, although for administrative reasons December 1 has been set as the official closing date for purposes of reporting results of the international drives.)

## Steps Recommended

A special meeting of the board and others which might be interested could be called, and a plan agreed upon.

A simple mimeographed circular inviting potential members to join and listing advantages of credit union membership could be prepared and distributed.

Some of the promotional materials (such as leaflets and posters) which are supplied by Cuna Supply Cooperative, Madison 1, Wisconsin, (see pages 13 to 16 of September, 1946, BRIDGE), might be purchased and distributed.

And a team of members could be lined up to contact each potential member. Each member of this team might be provided a membership application card for each person he is to contact, and should be instructed to make his tour of duty shortly after any printed materials are distributed.

He should make a real effort to get them signed up; not, however, by high pressure methods. In other words, his efforts should be to explain the advantages of credit union membership so that they are apparent; but he should indicate that he can "sign 'em up" and that it would please him to do so.

## Would Pay Dividends

We feel confident that such a campaign would pay real dividends. It would serve to kick-off your peacetime expansion program. It would provide a source of new loans (new members are likely to be more greatly in need of loans than old members). It would serve to revive active interest on the part of your old members.

In other words it should give your credit union a real shot in the arm.

Why not try it?

## Other Tips

We suggest that all who participate in the drive keep notes on the methods they use, and samples of the materials they distribute. A careful report should be prepared at the end of the drive, listing the methods and materials used, as well as the names of those who helped, and giving suggestions based upon results obtained, to serve as guides for future drives. Care should be taken to thank both privately and publicly all who helped.

We would be very grateful, and it would be a real contribution to the growth of the credit union movement, if copies of these reports were sent both to the credit union's provincial or state league, and to the Organization and Education Department of the Credit Union National Association, Madison 1, Wisconsin, so that the lessons learned may be generally available.

## Early Reports

We have made special effort to include in this issue comprehensive reports of progress made in the first month of this year's drive. However reports are still far from complete as we go to press. Here are those we have so far received.

Michigan .....	2,495
Texas .....	1,006
Louisiana .....	224
Virginia .....	85
Ontario .....	46
Maine .....	36
Utah .....	15

## Coming Events

November 8-10—Meetings of Executive Committee, Credit Union National Association; Board of Directors, Cuna Mutual Insurance Society; Administrative Committee, Cuna Supply Cooperative; Board of Trustees, Cuna Retirement Savings Fund; Hotel Stevens, Chicago.

November 29—Annual Meeting Credit Union Federation of Manitoba, Marlborough Hotel, Winnipeg.

# Bridge

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Credit Union National Association

Madison 1, Wisconsin

HOWARD C. CUSTER, Editor

CHAS. G. HYLAND, Business Manager

SUBSCRIPTIONS—\$1 A YEAR

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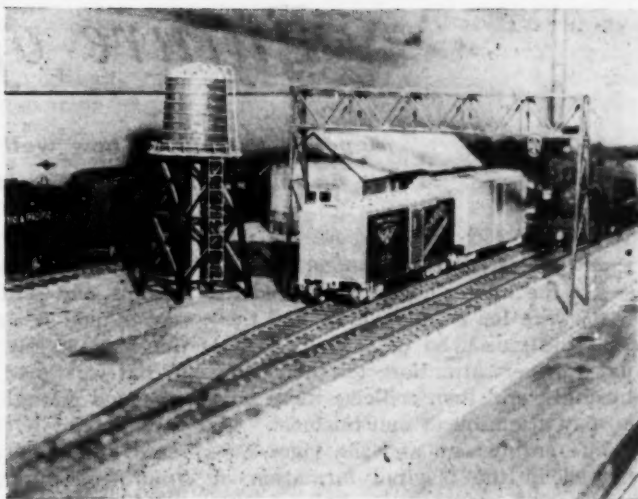
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BRIDGE



# The Attic & Pacific

by W. E. Young

THIS STORY of a credit union Model Railroader is reprinted from TEXAS & PACIFIC TOPICS. It was sent to us by James M. Barry, managing director Texas Credit Union League, with this comment:

"This credit union until a few weeks ago was the only credit union on the T & P system; but through the interest of Treasurer E. B. Leatherman and company officials the first step was taken to bring credit union service to the rest of the T & P employees by the organization of the Ft. Worth T & P Federal Credit Union for the 2,800 employees in Ft. Worth. Mr. Leatherman is applying for membership in the Founders Club and Mr. Ashley is leveling his sights on another division point in order to qualify for membership in the Club."

**B**ATS in his belfry? No, but wheels in his garret—and lots of them! That's J. Ralph Ashley, president of the Texas and Pacific Employees Federal Credit Union and a Texas and Pacific general office employee for 33 years, who has a railroad in his attic at 2422 Catherine Street in Dallas, Texas.

Appropriately dubbed the "Attic and Pacific Railway Company," this "system" is 350 feet in length. Being an "0" gauge layout, the distance represents approximately 3.2 miles of trackage of a standard railroad. Thus, this "1/4 scale" modeling is done at a ratio of a quarter-inch to one foot, meaning that one-fourth of an inch on the "A&P" railway is equal to one foot on the T&P.

The origin of Mr. Ashley's interesting hobby is linked with a trip he took

## About the Pictures:

Left—Traffic Manager Ashley sits at the central machine in the "Catherine Street Station" and governs movements of the Attic and Pacific trains through "Centralized Traffic Control" over the entire system.

Right—The "Oak Cliff Division" yard.

to the Texas and Pacific Hospital at Marshall, Texas, a little more than six years ago. To while away the time on the train he bought a copy of Model Railroader magazine, and thus was the "Attic and Pacific" conceived. Today, the line boasts the following motive power: A 4-8-4 "Northern" type road engine, an 0-4-0 switch engine with wedge-shaped tank, a Diesel switcher, a "doodlebug" (Diesel-motored passenger and mail-carrying car), which has the conventional black-and-white diagonal stripes across the front, and a power unit for the 5-unit Streamliner.

## And a "Crummy"

The balance of the rolling stock consists of thirty-odd pieces of equipment; Pullmans, coaches, baggage cars, gondolas, box cars, refrigerator cars, flats, stock cars, work cars and last (as usual), but not least, a "crummy," or caboose.

Deraillments on the "A&P?" Certainly. When such mechanical mishaps occur, the "Big Hook" (wrecker) is called out and with its own power lifts the 19-pound monster six inches into the air so the wrecking crew may clear the right-of-way and send the "Iron Horse" thundering on its way.

The roadway consists of 265 feet of main line track with a turn-around loop, a crossover and four sidings, all

being two-rail and operated with their own generated DC current. Fifteen switches, operated manually, by remote control, govern the movements of the trains. The buildings consist of a passenger station, a freight station, stock pens with loading chute, a water tank, an interlocker and a bulk gasoline station, each replete with necessary facilities.

Traffic Manager Ashley has issued 222 annual passes, the latest being to Mr. W. G. Vollmer, president of the Texas and Pacific Railway Company. The guest book, which Mr. Ashley requests that "passengers" and "shippers" sign, shows that 446 persons have visited the "Big D Line," representing 20 states, the District of Columbia and two provinces of Canada. Mr. Ashley and his partner, Mr. J. B. Sams, president-designer-builder of the Attic and Pacific, invite all Texas and Pacific employees to stop in at the Ashley residence for a journey around Chimney Park and through Ventilator Box Canyon on the streamliner, the Squaw, which runs 15 minutes behind the Chief.

Mr. Ashley considers the thousand dollars involved in the construction of his railroad as money well spent.

## Wait a Minute

WHEN MR. FINNEGAN greeted St. Peter he said: "It's a fine job you've got here for a long time." "Well, Finnegan," said St. Peter, "here we count a million years as a minute and a million dollars as a penny." "Ah," said Finnegan, "I'm needing cash. Lend me a penny." "Sure," said St. Peter, "just wait a minute."



# Future of your credit union

**depends largely on how well you organize your board of directors  
to face up to three major phases of successful credit union operation**

**T**OO MANY credit unions are like the man who hadn't kissed his wife for twenty years, and then shot the man who did. They do not pay proper attention to their own business, and then criticize those who do pay attention to that business.

The enthusiasm and the vigor displayed in the original formation of most credit unions carried along for a number of years. Usually there was some evil or inequity to be corrected. A small group, which usually became the board of directors and from whom the officers were elected, was the spark plug that ignited the enthusiasm into a full fledged cooperative operating organization.

That enthusiasm gradually waned when the group was confronted with various day to day business problems, irrespective of whether the credit union was a success or a failure. If it was only moderately successful or bordering upon the side of failure, the vigor of carrying on was blunted by this or that discouragement and only dogged determination carried the group to its present status.

If the organization was more than moderately successful, the leaders and the members in the company or organization or community were all willing to agree that they were right in recognizing an inequity to be corrected, and the results of their efforts had been crowned with success. They thus began to ride on their oars and drifted along with the tide until their present status is reflected by a condition showing, that during the war credit unions lost more ground than other lending agencies, and have failed to bounce back as fast since the war.

But time marches on. Progress which is taken for granted in other lines because we are constantly educated to it through advertising and other informative media is not always reflected in a similar progress in our own credit unions. Steel wheels on tractors have been replaced by rubber tires. Our old style squawking

radios have been replaced by newer models and will be replaced by yet newer models coming off the production lines. In any line you can think of, "What was good enough for father is not good enough for us."

While not overlooking the sympathetic and idealistic approach to credit union operation serious attention should be given these problems:

In order to revive interest in the matters necessary for the proper continuance of our credit unions on a progressively successful plane, I suggest the organization of boards of directors in about three committees:

(1) A committee on finances.

(2) A committee on membership and public relations.

(3) A committee on operations.

Let's discuss briefly the proposed functions of these committees, with due allowance to the fact that in actual practice these functions will vary from credit union to credit union.

## **Finances**

I doubt if there are many credit unions which would not be aided by a study of their financing program and their financial needs. Will there be, and to what extent will there be, an unusual demand for loans during the future months? How great would the demand be if potential members became actual members of the credit union? To what extent will share deposits probably provide funds for loan demand? What will be the effect if members and potential members are led to adopt adequate credit union thrift programs? Should government bonds now held be cashed to provide for growing loan demand when that demand exceeds capacity of members' savings to provide for it? Should investments in savings and loan associations be liquidated? Should they be increased? Should the credit union borrow money and from whom?

These are all important questions which should not be left to cursory attention at a busy board meeting without the careful study and consideration which a special finance committee might well make and incorporate into succinct reports for the board's information and action.

This committee would also be able to render invaluable assistance to the other committees, especially the one on membership and public relations.

Undoubtedly its potential service would prove to be greater than that indicated by the above questions.

## **Membership and Public Relations**

All too few credit unions have anything resembling a membership relations program. Those few which have good publicity and promotional programs often overlook other important opportunities for profitable membership relations work. Even fewer credit unions do anything about public relations, which are hardly less important.

To turn to membership relations first: How soon and how effectively are new employees or persons newly in your field of membership informed about the services offered by your credit union? How often are members and potential members reminded of those services? Are new members given a warm welcome? Are all members served promptly as if their business were genuinely appreciated? Is the credit union office an attractive place in which to do business? Are proper arrangements made to assure members we mean it when we say credit union business is confidential?

Are members continually reminded that the primary purpose of the credit union is to help them save money; to help them develop maximum thrift programs? Are members given help in planning their buying, especially of major purchases, so that they will get the most for their money? Are they encouraged to make use of simple, but adequate budgets; to use thrift tools, such as the Cuna calendar bank?

Are members fully aware of the corporate cooperative nature of their credit union? Do they know that they own and operate the credit union? Do they really operate the credit union? Are their meetings so planned that it is easy for them to make intelligent decisions? Are elections perfunctory, or is a sustained effort made to bring forward most capable and representative leadership? Are reports posted and published as a matter of course only, or are they presented in such a way that they will receive maximum attention and consideration?

Now as to public relations. This is merely an extension of membership relations. We might say that membership understanding and support is the first essential of a sound public rela-

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John E. Eldem is Cuna vice president from midwest district; is a charter member and past president of Farm Credit Administration Credit Union, Omaha, Nebraska; was president of Nebraska Credit Union League for three years; is member of Founders Club.

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by John E. Eidam

tions program for credit unions. But there are other essential elements.

Are the officers of your company or other sponsoring organization kept informed of the progress made by your credit unions? Are they consulted about credit union policies about which they are properly concerned? And on the other hand is the corporate integrity of the credit union properly maintained, in a tactful way? Is just recognition given to assistance received from the member's employer? And on the other hand is the credit union receiving only that assistance which it has a right to expect? In other words is the company helping on a charity basis, or so as to enable the credit union to render maximum service to employees, and thus to contribute to employees' morale and productiveness? Are company officials made welcome at meetings? Are they effectively discouraged from controlling meetings?

Then how about the public at large? Does it appreciate the work being done by the credit union? Does the public know that it is a corporation chartered by state, provincial or federal law? That it is owned, operated and controlled by its members? That credit unions are sponsored by business, by labor, by the church, by government agencies, by the war and navy departments, by social welfare agencies?

Does the public know the pioneering and continuing part played by the credit union in the war against the loan shark and the high-rate money lender? Does the public know of the public spirited, devoted service rendered by the leaders of your credit union? Does the public know of the part your credit union plays in bond drives, community chest drives, and other community programs? Does your credit union associate itself with such community programs? Don't the

other progressive and successful enterprises in your town do so?

Do your members, does your sponsoring organization, and does the public know that one successful Boston merchant, Edward A. Filene, thought so much of the credit union idea that he gave a million dollars and much of the last years of his life to credit union expansion in the United States? Do they know that his work led to the creation of 54 provincial and state credit union leagues and through them of the Credit Union National Association, credit union owned and operated voluntary organizations, all dedicated to the furthering of credit union service? Do they know that this credit union movement provides field workers to personally help existing credit unions and to organize new credit unions; a bonding service; specially designed supplies for most efficient credit union operation, an outstanding insurance service (Loan Protection, Life Savings, Home Protection, Individual Life), and a monthly magazine to keep credit union leaders informed of best current operating practices and policies?

By now it is obvious to you that this question of membership and public relations merits much more space than I can give it here. Here I merely want to indicate its breadth, and its place in credit union activity. Public relations is only now reaching professional dignity in the business and academic world. In the past it has been sadly abused by charlatans and badly-informed persons. Now it is becoming one of the most respected phases of management control. Credit unions should not lag behind in giving it proper attention.

#### Operations

A committee on operations is just as important as the others we have already considered. Even if your treasurer is a cracker-jack, this committee is essential. It is doubly so if the treasurer lacks one or more of a treasurer's ideal qualifications. Here are typical questions for this committee to consider.

Does the office have the equipment it needs for the volume it handles? If your credit union treasurer serves part-time, should he have additional volunteer assistance? Does he privately, or not so privately, feel that he is doing more than his share of the work? Does he gripe to members? Is relief provided him, so that he can get away during his official vacation?

If your treasurer or active manager is a full-time employee, is he required to do too much detail work, or is he given clerical assistance within the ability of the credit union to provide it, so that he can give attention to the

broader management problems, and to promotional activities? Do you encourage him to belong to civic organizations and in general to make the credit union an integral part of the community?

Is adequate office space provided? Is the credit union as convenient as possible? Should a system of collectors be established? Should payroll deductions be made possible?

#### In Short

Finally, and in short, is the board of directors of your credit union properly organized and properly operating to take full advantage of the opportunities offered your credit union now and in the future?

If it is, if the above questions, and similar questions, have been answered favorably, then a special warning may be in order. The board of directors as such, is concerned with general policy. It is concerned with details of management only to determine whether they conform with board policies. After the policies have been set, and until they have been changed by the directors in meeting assembled, the treasurer, or manager, is responsible for their execution. If he is held responsible, as he should be for efficient operation, then he should be given full responsibility.

Publicity and promotional material should be issued only after he has reviewed and approved it; office assistance should be given only under his direction; instructions to staff members should be given by him. Although committee members will answer directly to their chairmen, the work of the committees insofar as execution of board policies are concerned should always be under the general supervision of the treasurer, or manager. (A committee "reports" to the board; it "acts" under supervision of the manager.) These rules, often apparently disregarded in practice, in the interest of prompt action, should always be followed in spirit, and in case of any doubt they should be observed scrupulously.

Perhaps as bad as the "one man" credit union is the credit union with more than one "boss." Both are to be diligently avoided.

Our goal is credit unions which are effectively owned and controlled by alert members through alert directors and committees. But our goal is also credit unions which are managed as successfully and as efficiently as a good business should be. We fail to be credit unions if we fail to achieve the first of these goals. We are poor credit unions if we fail to achieve the second. In view of the challenge facing us, and our devotion to credit union ideals, we shall surely achieve both.

## Making Auto Loans

ALTHOUGH it is impossible to give universally applicable rules in regard to the making of loans on automobiles and other personal property, the following article from the CREDIT UNION NEWS, issued by ARTHUR C. LUEDER, auditor of public accounts for the state of Illinois, appears to have a large measure of general application. The fact must be stressed, however, that the information here given applies specifically only to Illinois credit unions. Others should check this information with their own provincial and state credit union league offices.

**A**N increasing number of inquiries is being made by officials of credit unions as to proper procedure to obtain loans for purchase of automobiles and other personal property.

First, we would like to emphasize the importance of considering applications for such loans on the same basis as any other loan by the credit union, as to character of the applicant and ability to meet the payments when due. But of equal importance, loans of this kind should not be made by a credit union which will overload the borrower with debt, deprive him of funds to pay necessary living expenses, or prevent him from accumulating a nest egg for use in times of misfortune or for future investment.

Regulation W of the Federal Reserve Board is in effect at the time this is written and no loans governed thereby should be made contrary to the provisions of that measure.

In making loans secured by liens on personal property, credit unions should require such documents as will enable them to realize upon the security pledged, should this action be necessary. In the case of automobiles, the unsupported Certificate of Title, while affording a measure of protection against unauthorized transfer of title by the borrower (owner), does not give the credit union the right of seizure and sale granted under the usual chattel mortgage and conditional sale contract. Both chattel mortgages and conditional sales agreements (accompanied by insurance policies, and, in the case of automobiles, by Certificates of Title) are acceptable as security for loans, the only practical difference to the lender being the one of title to the property and facility for sale and liquidation of the loan secured thereby.

### Conditional Sale Contract

A conditional sale contract is an agreement for the sale of personal property under which possession of the property is delivered to the buyer

but title thereto is retained by the seller until payment of the purchase price is made to the seller or his assignee. The agreement is good until the purchase price is fully paid; no legal "acknowledgment" is necessary nor is it necessary to have witnesses to its execution; recording or filing with the County Recorder is not required; and there are no statutory requirements for renewal or cancellation. The credit union (the lender) should see that proper assignment of the contract is made by the seller when he is paid from the proceeds of the loan, and that the property is insured, for at least the amount of the loan, with a "loss payable" clause running to the credit union.

### Chattel Mortgage

A chattel mortgage is an instrument executed by the owner of personal property whereby title to said property is transferred to another (the lender) as security for the payment of money, the grantee (the lender) to be divested of title upon repayment of the amount of the loan. No chattel mortgage is valid against third persons unless possession of the mortgaged property be delivered to and remain with the grantee or the instrument provides that possession is to remain with the grantor, and the instrument is acknowledged and recorded, acknowledgment to be before any legally authorized official and recorded within ten days after execution in the office of the County Recorder in the county in which the mortgagor resides. The mortgage is a valid lien until ninety days after maturity of the entire debt secured thereby, not exceeding five years from the filing of the mortgage, and may be renewed for one year by affidavit which also must be filed for record. (The entire debt period, including extensions, not to exceed five years from date of filing or recording.) The note secured by chattel mortgage must state on its face that it is so secured, otherwise the note is void. A mortgage may be released on the margin of the record or by a release deed; and in the case of household furniture, husband and wife must join in the execution of the mortgage. The mortgaged property should be insured, for at least the amount of the loan, with a "loss payable" clause running to the credit union.

The mortgage may be "filed" with the County Recorder (the mortgagee writes upon the instrument when depositing with the Recorder, the words "This instrument to be filed but not recorded" or words of similar import) or the mortgage may be deposited with the Recorder and "recorded" at length upon his records. "Filing" and "recording" are equally effective, the cost

of filing being less than recording, and the cost of releasing a "filed" mortgage also being less than releasing a "recorded" mortgage.

Release of the mortgage lien by the mortgagor upon payment of the debt is mandatory upon request and tender of reasonable charges, non-compliance subjecting the mortgagor to a statutory penalty of \$50 recoverable by civil action before a justice of the peace.

Obviously, in a brief summary such as this it is impossible to include all of the legal and procedural requirements in regard to loans of this nature. All that is intended is to direct attention to the more important provisions necessary to safeguard the interests of the credit union. We repeat that the character of the borrower should be the first consideration in connection with such loans as well as any other loan made by the credit union.

## Here Are 5 Reasons

### League Is Essential

THE FOLLOWING are five reasons why a league is essential to your credit union and mine:

1. Because the league was primarily responsible for organization of your credit union and mine, either directly or indirectly.
2. Because the league protects your credit union and mine from improper state and federal taxation.
3. Because the league protects your credit union and mine against repeal of the credit union law under which we operate and also protects against unfriendly amendment of that law.
4. Because the league protects our credit unions from possible unjust or improper ruling by state or federal departments, including the supervising body.
5. Because the league initiates favorable and necessary changes both in law and in rulings by state and federal departments.—BULLETIN of Tennessee Credit Union League.

## Cost of Living Climbs

THE PRESENT CLIMBING cost of living is indicated from these figures taken from Cost of Living report published in FEDERAL RESERVE BULLETIN for September. Average for the years 1935-39 equaled 100.

	January 1945	January 1946	July 1946
All Items	127.1	129.9	141.0
Food	137.3	141.0	165.7
Clothing	143.0	149.7	157.9
Rent	108.3	108.3	108.5
Fuel, electricity, ice	109.7	110.8	113.3
House furnishings	143.6	148.8	156.9
Miscellaneous	123.3	125.4	127.8



by Alden Stevens

# Bricks, North Carolina

I'VE just been chasing some cows that got over the fence," said Neill McLean, dusting off his impeccable gray herringbone. He looked more like a city business man than a rural schoolteacher. "We've got some champion pole-vaulting stock here," he smiled. His wife, who had greeted us while he was chasing cows, excused herself to look after a child, and he walked along with us toward a row of gnarled crepe myrtle trees.

"I understand you have a new kind of education here," I said. "And that you started the first rural credit union for Negroes in the state. I'd like to hear more about it."

"The credit union was started in 1936, but it was the people around here that really made it work," he said. "Anyway, it's only a small part of what we do." It was, perhaps, a small part of the Bricks Rural Life School Project, but it was the inspiration for twenty-seven other rural credit unions in the state. Twenty-five of them were started in the past four years, and some are larger now than the original.

He told me about the early days. The Negroes in the little community at Bricks and on the surrounding farms couldn't see how they could possibly save any money. They didn't have any. Every year they took their peanuts and their tobacco and cotton to the storekeeper, who gave them credit on which to buy flour and supplies. They couldn't argue about his bookkeeping, partly because they didn't understand it and partly because it wouldn't have been wise. They were always in debt.

When the credit union was organized, the storekeepers objected, and when Negroes began to come in with credit-union money and pay up, they accused McLean of taking their people away from them. When, a little later, McLean opened a cooperative store at Bricks, his enemies threatened to wreck the whole program. It was a long time before this opposition was overcome.

## No Bookkeeping Tricks

The credit union played no bookkeeping tricks on the farmers who built it up with nickels and dimes. They borrowed from it at 6 per cent

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Alden Stevens is visiting rural areas throughout the United States. From this trip he is drawing a series of articles on the general subject "Small-Town America" for THE NATION. This article appeared in the July 13, 1946 issue of that magazine.

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instead of at the 30 to 50 per cent, and even higher, they had been paying. Every year some families borrowed from it to finance the purchase of land of their own. Eight families borrowed down payments last year.

McLean was right when he told me it was only a small part of his work at Bricks. For the people in the neighborhood, and especially for a selected group of families signed up for five years each on the school's 1,100 acre farm, he is providing a new and better education for rural life. The children learn about vitamins and health as they learn to read, write, and figure. Very early they learn how to have a vegetable garden; in North Carolina they can grow greens of some kind all the year round. They learn about the need for rotation and soilbuilding feed crops, as well as about the best methods for getting good money crops like peanuts, tobacco, and cotton.

Bricks has a much-used, battered, but spotless canning plant, and more than 17,000 quarts of fruits, vegetables, and meat went into tin cans and glass jars last year. Families come in groups and make quick work of putting up their peas, tomatoes, pork, and beef. McLean urges his people to keep cows and hogs, which furnish natural fertilizer. With this, and proper compost heaps, the need for commercial fertilizer can be sharply reduced. This is the big yearly cash purchase and the item which most often drives small farm families into debt.

A rural health program is carried on at Bricks; there is a clinic with a nurse on the job and a doctor who comes in at stated times. Emphasis is on preventive medicine—775 typhoid shots were given in 1945. Pre-natal and child care are other specialties.

Bricks is not a large project. It works only with the people within about fifteen miles of the settlement. But it is one of a rapidly growing chain of educational centers for Negroes in the South. It is a demonstration project, and people from all around come to look and learn. The families who go out from it to their own places often become demonstrators themselves. Like the centers at McIntosh, Georgia, and Athens and Marion, Alabama, it was originally sponsored and is now partly supported

by the American Missionary Association.

## A Place of Their Own

I asked McLean about the Southern Conference for Human Welfare and other organizations which are trying to gain a better political position for his people. He said they were important and that he was for them. He had long been urging his people to vote at Bricks, and most of them did. "Such organizations are good," he said, "but I think people have to work for things themselves to get anything lasting out of them. If we can get poor people to work together, as families and as communities, I think we've accomplished something. Others then see that it is possible for them to get what they all want—a place of their own."

## Colored Blood

THE SCENE was a street car. The diminutive schoolma'am taking a group of Negro freshmen on a field trip was fair and young. The front of the car was filled, and one young freshman, whose affection made her oblivious to conventions, had saved a seat beside herself for the teacher. The latter sat.

The conductor came over, inquiring, "Lady, are you in the right place?"

"Yes, sir."

He went back to his work, obviously unsatisfied. Two elderly ladies presently got on the car. One called the other's attention to the blonde seated with the colored children. They descended on the conductor, spoke their pieces, and awaited results. Again he returned with his previous question. It drew the same reply.

The pupils' interest soared when, after a few blocks, the conductor went up to the operator, who stopped the car while the two deliberated. Back they came together, apologetic but determined.

"Lady, are you sure you're in the right place?"

"Yes, sir." Then to settle the business permanently and decisively she explained, "I have colored blood."

They started on their way, relieved. But their assurance would have been jarred had they overheard the further elaboration she gave her wide-eyed students, "It's red — all red." — THE TORCH.

1946

# CREDIT UNION LEGISLATIVE

## *A summary of reports*

## ROUNDUP

**Important federal legislative victories highlight otherwise quiet year**

**F**EDERAL credit union legislation in both Canada and the United States won the longest and heaviest credit union legislative headlines for 1946. Few state legislatures met during the year.

In Canada major attention was turned to the lengthy investigation of the Royal Commission on Cooperatives, which gave attention to the tax status of credit unions. In the United States it was the first amendment of the Federal Credit Union Act since 1941. Both actions were concluded in a manner highly gratifying to credit union workers.

The following summaries are taken, for the most part, from reports received from managing directors of credit union leagues. These were submitted in response to a BRIDGE questionnaire. In each case the source is indicated, but it should be stressed that these are summaries and not direct quotations, unless specifically so indicated.

Reports indicating no legislative action for the year were received from Connecticut, District of Columbia, Florida, Iowa, Kentucky, Maryland, Nebraska, North Carolina, Oklahoma, and Pennsylvania. All other reports received are summarized below.

### **Canadian Federal**

The Royal Commission of Cooperatives, after extended hearings which were attended by representatives of the Canadian Credit Union Federation and Cuna, confirmed the policy that credit unions should be exempt from the payment of income tax. Income Tax Act of 1946 reaffirms this policy and exempts credit unions, if their "revenue is primarily from loans made to members residing within the territorial limits within the province to which it is restricted for the carrying on of its business." Furthermore the Act now specifically exempts organizations of credit unions, among other non-profit organizations.

Since the passage of the Act "I have been endeavoring to get an interpretation of the word 'primarily' as used

in the income tax legislation. When the matter was being discussed in the Canadian House of Commons the acting Minister of Finance stated that it is the intention of the Government to entirely exempt credit unions from income taxes. Since then, however, we have been unofficially informed that 'primarily' means mainly or more than 50 percent. Such an interpretation would bring some of our credit unions into a taxable income bracket, largely because they were patriotic during the war and purchased an enormous quantity of victory bonds.

"I have approached the Minister of Finance for a definite ruling and he advises that my request has been turned over to the Minister of National Revenue, who is responsible for the administration of income tax legislation. Up to the present time I have had no word from Ottawa about the matter, but I shall continue making representations until we get a definite ruling."—Condensed from reports of A. C. Savage, president Canadian Credit Union Federation and vice president Credit Union National Association from Canadian District. (A last-minute bulletin from Mr. Savage announces a letter from the Minister of National Revenue which states that "the present abnormal situation should not be considered as affecting the position of credit unions where exemption was claimed on the ground that it is a banking institution which derives its revenues from loans made primarily to members . . . they are entitled to reinvest their income and have investment income without losing the exemption provided for them in the income tax legislation.")

### **United States Federal**

H. R. 6372, amending the Federal Credit Union Act, was signed by President Truman on July 31, 1946. The provisions of this action were summarized in detail on page two of the September BRIDGE. The most notable provision was the increase of the maximum unsecured loan which federal credit unions may grant to \$300.

These amendments were introduced into Congress by Congressman Jerry Voorhis, of California. Although some opposition was expressed by other agencies, the credit union representation won hearty support of the House and Senate committees concerned, and the bill passed both houses promptly without objection. Appreciated assistance was received from numerous congressmen, from credit union leaders in the District of Columbia and elsewhere, and from officials of the Federal Deposit Insurance Corporation.—Condensed from reports of Thomas W. Doig, Cuna managing director, and of Hubert Rhodes, manager Cuna Washington Office.

### **Alberta**

Credit Union Act was amended to permit credit unions and credit union federations to deposit money with, borrow money from, and lend money to, any cooperative association. A parallel amendment of the Cooperative Act permits cooperatives in the province reciprocal powers.—Condensed from report of G. A. Swales, secretary-treasurer Credit Union League of Alberta.

### **British Columbia**

Amendments to credit union act were passed which:

1. Permit the credit union to hold one five-dollar share in the League for each \$1,000 of the credit union's own share capital. Formerly the amount permitted was one share per \$5,000 of capital. (The League is chartered under the Cooperative Act, which sets this method of providing league operating capital.)
2. Increase the maximum unsecured loan to \$300.
3. Extend the time for holding annual meetings to include March.
4. Permit the Inspector to allow annual meetings later than March if he thought it advisable.
5. Permit payment of wages or out-of-pocket expenses to any servant of the credit union, including delegates



to conventions and meetings which are for education on cooperative principles.

6. Forbid credit unions under suspension for poor operating practices to return share money without approval of the Inspector.—*Condensed from report of J. W. Burns, British Columbia Credit Union League.*

#### **Louisiana**

Credit union law was amended to provide that the reserve need not exceed 15 percent of the paid in capital of the credit union. Previously the credit union was required to set aside 20 percent of its net income until the reserve equaled "the paid in capital of the credit union."

#### **Missouri**

"One requirement of our new Missouri constitution was that interest laws shall apply to all lenders generally and not to any particular group or class engaged in the lending of money. . . . Upon the effective date of a law which was passed last week, credit unions will be able to charge their one percent per month on the unpaid balance. We shall be operating under a section of the law under which finance companies also operate. However, the limitation to one percent per month on the unpaid balance contained in our by-laws should protect the credit union movement against any abuses on the part of individual credit unions which might be tempted to charge a higher rate. At the present time credit unions are charging a maximum of eight percent simple interest due to the fact that the new interest legislation had not been passed at the time the new constitution became effective July 1, 1946.

"Another change due to our constitution is a transfer of the supervision of Missouri credit unions from the commissioner of securities to the commissioner of finance. In Missouri the commissioner of finance also supervises operation of banks, loan and investment companies and finance companies. Credit unions that charge more than eight percent simple interest will be required to bond themselves to the commissioner of finance in the amount of \$1,000 and obtain a certificate from him. Our legislation was passed in such a form that the power to charter credit unions and to approve amendments in credit union by-laws will be vested in the secretary of state rather than in the commissioner of finance. We thought it a healthy thing to separate the powers of granting charters and of supervision.

"New tax laws were also necessary

under the new constitution. As yet, no laws affecting credit unions have been passed. The League intends to introduce legislation which will permit credit unions to pay two percent of the amount remitted to members as dividends, in lieu of intangible property tax to both member and the credit union.

"Our legislative experience, during the past two years, indicates that there are powerful groups trying to do away with effective credit union operation. We believe that it is more than ever necessary that credit union leagues pay close attention to all legislation introduced in state capitals. We know that only through united efforts we shall be able to protect our interests and to continue to bring credit union service to the citizens of Missouri."—*Lee J. O'Brien, managing director Missouri Mutual Credit League.*

#### **Montana**

League is initiating program to promote legislation which would permit unsecured loans up to \$300.—*Condensed from report of Arbie M. Dale, managing director Montana Credit Union League.*

#### **New Jersey**

Credit unions were specifically exempt from legislation which imposes upon financial enterprises in the state an excise tax of three-quarters of one percent of their net worth.

A League-sponsored bill permits state-chartered credit unions to invest in shares of federal savings and loan associations.—*Condensed from report of Henry Stricker, Jr., managing director New Jersey Credit Union League.*

#### **New York**

Credit Union Law amended to:

1. Provide that if unearned interest of a loan discounted in advance amounts to less than \$1 the credit union need not make refund to borrower who repays loan before maturity. This amendment was sponsored by Banking Department so as to standardize interest refunds for all lending agencies in state. Credit unions always made a refund, but other agencies did not do so.

2. Liberalize rules in regard to unsecured loans for those credit unions having capital totalling less than \$50,000. Maximum unsecured loan for

credit unions with assets of \$25,000 or less is \$100; of credit union with assets from \$25,000 to \$50,000 is \$200.—*Condensed from report of Sidney Stahl, managing director New York State Credit Union League.*

#### **Ontario**

There were no amendments to the Credit Union Act, but several changes were made in the standard by-laws. Most of these were suggested by the League and have been very favorably received by the membership. In general they serve to clarify sections of the by-laws and bring them in conformance with most advanced credit union practice.—*Condensed from report of George W. Scott, secretary and general manager Ontario Credit Union League.*

#### **Rhode Island**

Legislative committee of league very active this year and had its entire program enacted, in the form of six amendments to the credit union law, which:

1. Provide for an appeal to the Board of Banking Corporation in any credit union which has been denied approval of its by-laws or amendments thereto by the director of Business Regulation.

2. Provide that the by-laws may be amended if the notice of the meeting merely states that amendments will be proposed. Previously the proposed amendments had to be spelled out in the announcement.

3. Provide for compensation of members of supervisory committee, upon authorization of directors.

4. Postpone date when annual report must be filed from February 10 to March 1.

5. Eliminate fee charged for services of bank examiners.

6. Reduce state tax on deposits from 10 cents on each \$100 to 5 cents. (The first \$100,000 in taxable deposits were exempted in 1943.)—*Condensed from report by Armand H. Cote, chairman of legislative committee Rhode Island Credit Union League. Mr. Cote is also Secretary of State of Rhode Island.*

#### **Saskatchewan**

Credit union act was amended to:

1. Set up conditions governing loans by credit unions to other credit unions or member associations.

2. Require credit unions to carry fidelity bonds on officials equal to minimum amounts set by standard by-laws. These will probably range from \$1,000 for treasurer of credit union with assets of \$10,000 or under to \$10,000 for treasurer of credit union with assets of \$300,001 or more.

(Continued on page 20)







Hilo. As we take off into trade winds which blow from the northeast about 85 per cent of the time, we circle around Haleakala, that largest crater in the world, known as the home of Maui, the demi-god who caught the sun and held it from going down so that his mother could finish her washing. As we climb higher and higher we can see the highway winding like a ribbon, up, up, until it reaches the edge of the crater at 10,000 feet. Here is found the silversword, a flower which grows nowhere else in the world. If our eyes are keen we might see some wild goats which are becoming so plentiful the National Park Rangers have to kill them off frequently. We will not likely see any of the wild pigs, which are such good hunting, in the forest and jungles, on the windward side near Hana.

Gradually we slip past the point of Maui, at Hana, and across a stretch of 26 miles of ocean we can see the Kohala coast where legend has it that King Kamehameha was born in a boat during a storm and was reared in a cave, because they sought to kill him before he could become the conqueror who would eat the eyes of his enemies as foretold by the kahunas.

In the distance we can see the snow-capped extinct crater of Mauna Kea, thrusting her head up to 13,874 feet above the sea. Our plane gracefully slips through the air about the same level as the Kohala Mountains, 5,500 feet. Into this range of mountains are cut deep, narrow valleys, such as Waipio Valley with its rice paddies. On down the Hamakua Coast we can see plantation after plantation, green cane fields, rising from the very edge of the sea to several thousand feet up the slopes of Mauna Kea and Mauna Loa, abruptly stopping where the forest begins. Miles of dense forest, which before the white man came was mostly sandalwood, but now, only some koa, monkeypod and lehua or mountain apple, and of course the kiawe, which was introduced by the white man. Above the forest, Mauna Kea thrusts several thousand feet of lava beyond the timber line.

#### **Flower Land**

We land at Hilo Airport, usually during or right after a tropical shower. It rains a lot in Hilo, maybe that is why there are so many beautiful flowers, orchids, carnations, ginger, exoria, anthurium, bella donna, pikake, and many others.

Hilo is the second largest city in the Territory and is the county seat of Hawaii County. Hawaii, known as the "Big Island" is by far the largest of all the islands, 4,015 square miles compared to 728 for Maui, 598 for

Oahu and 547 for Kauai. It is second in population with about 80,000 inhabitants. Hilo with a population estimated at about 20,000 has seven operating credit unions. They are, Big Island Teachers FCU, Hilo Electric FCU, Amfactors Hilo FCU, Hilo Iron Works FCU, Canec FCU, Hawaii County FCU, Hawaii Federal Territorial FCU. You would enjoy meeting Bill Henry, treasurer of the Big Island Teachers FCU, which maintains an office downtown right next to the Hawaiian Airlines depot; Juichi Fukumoto, treasurer of Hilo Electric FCU; Y. C. Akana, treasurer of Hawaii County FCU; N. Myamoto, treasurer of Canec FCU; Iwao Usagawa, treasurer of Hilo Iron FCU; and many other fine credit union officials. They have been right behind every bond drive and at the same time have kept right on building their credit unions.

#### **"War Baby" Credit Union Thrives**

Just on the outskirts of Hilo, at Wainaku, is one of our newer credit unions serving employees of the Hilo Sugar Company. This credit union was started early in 1944, under the sponsorship of Colonel Spalding, formerly manager of Pepeekeo plantation and president of their credit union. There were several officials who had experience on other plantations with credit unions so they went right ahead and by the end of the first year had over \$11,000 in assets and by the end of the second year, \$22,485 with average savings of \$113 for each of the 193 members.

Now we drive up the Hamakua Coast, sometimes called the "Scotch" Coast because so many of the plantation managers and head bookkeepers are Scotchmen. A few miles from Hilo we come to Papaikou where the Onomea FCU has 425 out of 500 possible members and \$68,884 in assets. The treasurer, Frank Howard, a Scotchman, keeps a close watch on the affairs of the credit union.

About 11 miles from Hilo we turn off the road, which here runs fairly high up on the slope through the cane fields, and go down the hill to Pepeekeo FCU. Herman Sensano, the treasurer, is also personnel director. He is a Filipino who graduated from the University of Hawaii and has done an outstanding job of education among the members of this credit union. He has prepared articles on the place of the credit union on a sugar plantation

for conferences of personnel directors in Honolulu. Pepeekeo FCU has 426 members out of 650 employees, assets of \$126,916 and average savings of \$283. The largest group of employees on this plantation is Filipino.

#### **A Real Kaamaina**

Farther up the coast we stop in at Papaaloa FCU at Laupahoehoe and say hello to Arthur Walsh, a California who has become a real kaamaina (old-timer). He is now on the supervisory committee of this credit union, but was the man who got the Ookala FCU started early in 1944 at the Kaiwiki Sugar Co., a few miles further up the Coast. Papaaloa FCU has 305 members, \$106,813 in assets and average savings of \$343. Ookala FCU on one of the smaller plantations has 98 members, \$18,451 in assets and average savings of \$186 in two years of operation, with Takashi Kobayashi as treasurer. If you have a chance to meet Mrs. Walsh and their four little girls you will understand one of the reasons why people decide to stay in the islands.

At Paaui about 40 miles from Hilo, the employees of the Hamakua Sugar Company are served by the Hamakua Mill FCU. Started in 1941 this is one of the fastest growing plantation credit unions in the Territory. In four years its 227 members have saved an average of \$400 each. Total assets on December 31, 1945, were \$93,407. Here again the credit union has never had much loan demand because the ability to purchase durable goods was already limited by the time they started. They have never been able to pay big dividends, but the credit union has promoted thrift because of its convenience and safety.

#### **World Famous Cattle Ranch**

Having called on the last of the credit unions on the Hamakua Coast we drive on up to Honokaa, where unfortunately there is no credit union, and turn off to start the long climb up to Kameula in the saddle between Mauna Kea and the Kohala Mountains. As we get up above the cane fields we see thousands of acres of grazing land stretching for miles and miles up and around Mauna Kea. This is the Parker Ranch, claimed to be the second largest cattle ranch in the world, with its 750,000 acres. It is also claimed to be the largest ranch in the world which has nothing but purebred Hereford cattle. At Kamuela was the huge Marine Camp Tarawa where the Second Marines trained before and filled their ranks after many of the most important and bitter campaigns in the Pacific.

(To be concluded next month)



# What About It?

by Dora Maxwell

Answers to your credit union questions  
by Cuna organization and education director

## Insurance Policy Loans

QUESTION (FROM NEW YORK):

Reference is made to your "What about it?" column and the question regarding life insurance policy which appeared on page 19 of the issue of September, 1946.

I must differ with your answer and cannot understand why we should attempt to discourage our members from using their life insurance policies as collateral. As you undoubtedly know credit unions having the protection of the CUNA Mutual Insurance Society would have such a loan paid in case of death or disability of a member pledging his insurance policy and in this way their estate would not be reduced by borrowing in the credit union.

It is my belief that credit union members who at the present time have insurance policy loans with the issuing insurance company should be encouraged to have these loans paid for by their credit unions, using their policies as collateral.

ANSWER:

You are correct that loan protection does protect the estate of the borrower. However, we feel that even when the credit union provides loan protection, members should be discouraged from using any life insurance policies that they have as collateral. Most working people cannot carry enough insurance on their lives to provide adequate protection for their families. Since this is true the credit union should help the member to increase his insurance and not to decrease it, which is what happens when a member borrows against his insurance.

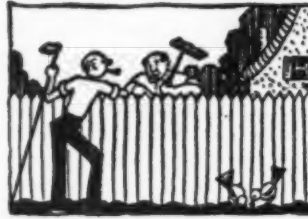
Of course, if members have already borrowed against their insurance, then they are better off to borrow from their own credit unions to liquidate these loans. In this we heartily agree with you.

## Delinquent Military Loan

QUESTION (FROM PENNSYLVANIA):

Due to the dismantlement of our plant we are being forced to liquidate our credit union.

On our books we have a loan issued to a person who later was inducted into the Army. This made the loan a military loan, and it has remained such ever since. This boy has been home from service now for a year during which time he has been working every day, but will not accept his responsibility toward the repayment of



You are invited to submit your questions on any credit union problems to this department. You are also welcome to contribute your own ideas on the answers printed here. What's on your mind?

his loan. In the year since he has returned his note is six months' delinquent and he insists that he cannot pay on the note due to other expenses.

We are desirous of liquidating our union as soon as possible and would like to know if this note must be still considered as a military loan, or can we put it in the hands of a collection agency for collection? This boy is taking a very lax attitude toward repaying this note and personally I feel that he thinks he may get out of paying it if he stalls us long enough.

Please advise what action you think we should take.

We have done everything we know so we feel you may have some ideas that may help in this case.

We have since appealed to his co-signer and he can get no satisfaction from this boy so we do need your help. We hate to think that we must collect from the co-signer and we are not even sure that we are permitted to collect from him since the note is being carried as a military loan.

ANSWER:

A loan to a person in the military service ceases to be eligible to the moratorium declared on military loans three months after proper discharge. The person about whom you are inquiring, you say, is out of the service for a year and therefore you are entitled to collect.

If you turn this loan over to a collection agency they will proceed against both the co-maker and the original borrower. If you make this clear to the co-maker and to the original borrower and the further fact that the collection agency will add additional charges, it would seem to me that you ought to be able to collect. I would suggest trying this. It is too bad if you have to collect from the co-signer. We never like to do this. For this reason you should make your position clear to the co-signer so that

he in turn will use what pressure he can on the original borrower to meet his obligation.

We are very much disturbed to learn that you are considering liquidating your credit union and I am wondering why this is so. If you have come through a difficult time due to the war situation, is it not true with you, as it is elsewhere, that this is all now behind you and that there is clearer sailing ahead? We are so concerned about the prospect of your possible liquidation that we are calling this to the attention of the Managing Director of the Pennsylvania Credit Union League, in the hope that he may be able to visit with you to determine what can be done to enable you to continue operating and serving your members.

## Loan to Committee Member

QUESTION (FROM CONNECTICUT):

One of our Credit Committee members (Federal credit union) has \$900 in his share account. His wife also has \$900 in her share account. We want to extend a loan to this member of about \$2,500 for a period of about 5 years with monthly payments of about \$40 each.

ANSWER:

The member of your Credit Committee has \$900 in his share account, therefore you can lend him \$900 and be within the law and keep him as a member of the Credit Committee. His wife has \$900 in her share account. Unless she is a member of your Board of Directors or one of your committees, you may lend her any amount you wish up to your limit, provided your Credit Committee thinks she is good for the money. The fact that she already has \$900 in the credit union indicates that she is a good credit risk. This would be emphasized if she is earning some money on her own or if she has independent means.

You cannot make this loan for a period longer than two years as this is the limit fixed in the Federal law.

## Employer Responsibility

QUESTION (FROM TENNESSEE):

Do you have any records to show that members of any credit union are receiving certain benefits or favors from their employers? Should an employer be asked to underwrite the credit union to the extent of guaranteeing at least 4 percent dividend each year? Should an employer guarantee



the members against loss of their original investment in the credit union?

ANSWER:

Employers have been very friendly in their attitude toward credit unions and have helped us a great deal in making it possible to use the credit unions as a means of destroying usury. However, we have seldom asked the employer to contribute more than rent, light, and heat to the credit union serving his employees. Sometimes he is willing to give some of company time for which we are grateful. Your credit union members receive their charter from the state of Tennessee and are answerable to the state supervising authority for the conduct of the credit union. The credit union is regularly incorporated, and legally the employer has no control over it. Because he has no control, he cannot make any specific guarantee with regard to operation of the credit union.

You state that it has been proposed that the employer of the persons who constitute the membership of an industrial credit union might underwrite the operation of the credit union to the extent of guaranteeing a dividend. It is the function of the credit union to promote thrift and to make loans under its own management and through these two operations to instruct the members of the credit union in handling their own financial affairs. It would be entirely improper for an employer to guarantee any dividend. It would also border on being illegal inasmuch as a guarantee of dividends would necessarily carry with it some control of the functions of the credit unions and this control by law is vested in the members at the annual meeting and not in the employer. A guarantee of a specific dividend would be entirely contrary to good credit union practice and would defeat one of the basic purposes of the credit union, in that it would teach the members to depend on a subsidy. The small subsidy the credit union does receive in the way of rent, light, and heat is only a proper employer contribution inasmuch as a properly functioning individual credit union does render a very valuable service for the employer.

It is next suggested that possibly the employer might guarantee the members of the credit union against loss of their original investment. This, too, would be improper for the same reason as set forth above. The safety of the investments made by members is guaranteed by the reserve fund of the credit union. Very few credit unions have ever liquidated at a loss. During the last period of depression credit unions came through with the best record for safety of any financial

institution while most employer supervised savings plans failed miserably.

#### **Loans to Directors**

QUESTION (FROM INDIANA):

I would like to know whether a member of the Board of Directors may finance an automobile with his credit union by giving a chattel mortgage on the auto and not be in violation of the Federal Credit Union law? This board member has sufficient cash to make the down payment required by Regulation W and also to pay for insurance and only wishes to finance the balance due or  $\frac{2}{3}$  of the cost price of the auto. We know that the Federal Credit Union law says that a board member or a committee member may not borrow in excess of his savings. That is understood so please give us a reply on the other question at your earliest convenience.

ANSWER:

A member of the Board of Directors of a federal credit union may not finance an automobile with his credit union by giving a chattel mortgage on the automobile unless the amount of the loan is not in excess of his shareholdings. The only way that he may borrow from his credit union is against his share account.

#### **Blanket Bond Coverage**

QUESTION (FROM NEW YORK):

Does a Federal credit union with a faithful performance blanket bond have faithful performance coverage on all persons included in the blanket bond?

ANSWER:

Yes, it does now. At one time faithful performance coverage on a blanket bond could only be given in those credit unions whose supervisory departments required faithful performance. The federal supervisory agency required that only the treasurer and the assistant treasurer have faithful performance so they were not covered by our old blanket bond. One of the advantages of the change over to our new carrier is that our bond now provides faithful performance protection on all faithful performance blanket bonds regardless of the requirements of the various supervisory departments. This is a distinct improvement.

#### **Misplacement Rider**

QUESTION (FROM MAINE):

I am the treasurer of a credit union which carries a misplacement rider on its bond with CUNA. On my way to the bank to deposit our credit union

receipts my pocket was picked, and the credit union's money was lost. Can we collect on our misplacement rider?

ANSWER:

No. If you know your pocket was picked, then this is not mysterious disappearance, and you cannot collect on the misplacement rider. However, if you had arrived at the bank, found your money missing, and you had no idea how it got lost, that is mysterious disappearance and the misplacement rider would cover.

#### **Interest on Military Loans**

QUESTION (FROM ALABAMA):

We will appreciate any information you can furnish regarding the following:

A member of the credit union with an outstanding loan, enters the Armed Services. The terms of his loan are monthly payments with interest at 1 percent per month on the unpaid balance. The member remains in the Service for four years and pays nothing on his loan during this period. Does the GI Bill of Rights set out the rate interest that can be collected in a case of this kind? If so, what is the maximum?

ANSWER:

Soldiers and Sailors Civil Relief Act specifically states that a moratorium is declared upon loan payments by members of the Armed Forces. It further states that the maximum interest charge which may be made will be 6 percent per annum, simple interest.

A great number of credit unions waived the interest charge on loans of this kind. We recommend this action unless there is some particular reason why your board feels that the interest should be collected. Most credit unions have felt that this is one way in which they could give some little aid to the man who went into service.

#### **Saving While Borrowing**

QUESTION (FROM FLORIDA):

Is it necessary that a member be required to save regularly in the credit union before he can secure a loan? Must he have a fully paid share before he can borrow?

ANSWER:

The member should be encouraged to accumulate savings while repaying his loan. This may not always be possible for the borrower. It should be remembered that the very circumstances which make it necessary to borrow frequently, make it impossible for a member to save. It is not necessary usually for a member to have a fully paid share before he is permitted to borrow. If it is mandatory under the law, then the credit union should increase the size of the loan so he can purchase a share.



# IDEA



# EXCHANGE

Here are some ideas credit unions have already used successfully plus some BRIDGE suggestions which you may want to try out as-is or adapted to meet your particular needs.

As a matter of fact, credit unions and credit union organizations affiliated with Cuna may list any BRIDGE items freely for their publications and releases. All others should observe the copyright and obtain written permission from BRIDGE before reprinting material. Suitable credit should, of course, be given in the case of signed articles and illustrations. BRIDGE need not, however, be mentioned as the source of the material, although where it seems suitable to do so, this will be appreciated.

## Suggestions for Use

We hope credit union officials will find these suggestions helpful in preparing informational materials about the services their credit union offers their members. These may be used—either without change or adapted to special uses—in payroll inserts, circulars, blotters, posters, bulletins, advertisements, company house organs, or other appropriate mediums at hand.

The illustrations may be traced on mimeograph stencils, reproduced directly by a photo-offset process, or made into linecuts for the standard letterpress printing.

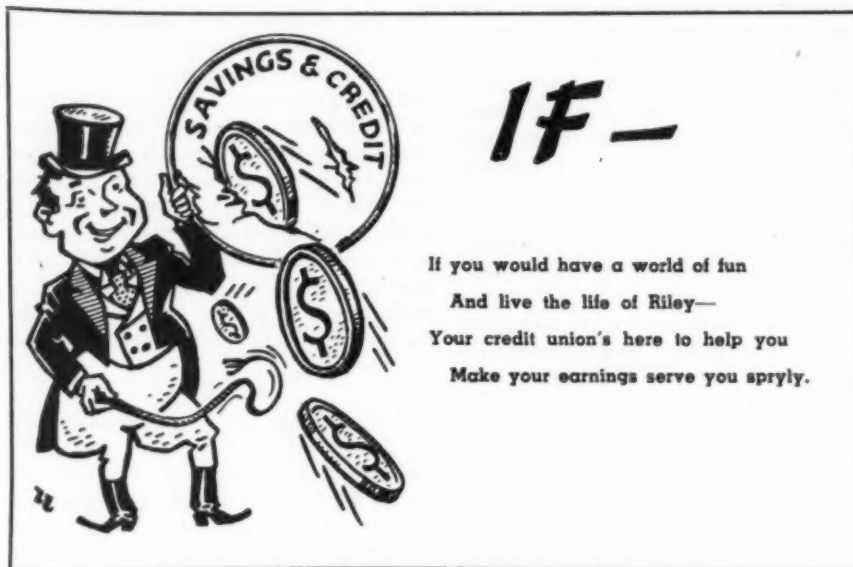
Each release should, of course, also contain full directions as to when and where credit union service may be obtained. The name of the credit union, its location, its business hours, and any other helpful information should be given.

## Please

BRIDGE would greatly appreciate receiving copies of any and all publications credit unions issue, so that it may know what credit union people are finding most effective, and so that it may pass on to others good new ideas developed.



❏ Neglect a personal grievance for 48 hours and it will die of starvation.



If you would have a world of fun  
And live the life of Riley—  
Your credit union's here to help you  
Make your earnings serve you spryly.

Mats available from Editor Bridge, Madison 1, Wisconsin at 30 cents each.

## Why Belong To The Credit Union?

The credit union operates "Not for Profit, Not for Charity, But for Service."

### "NOT FOR PROFIT"

No member or officer of your credit union profits from the business of loaning money to fellow members. The office force, consisting of the office manager, the treasurer and one assistant treasurer, receives salaries as employees. Of course the members receive dividends earned on their share accounts, the savings they have invested in the credit union. A dividend has been declared each year since our credit union has been organized.

### "NOT FOR CHARITY"

The credit union makes loans on a businesslike basis. Each borrower and cosigner is held responsible for the debt incurred. A regular rate of interest is charged. Our credit union operates successfully with small charges because of the efficient management of its officers and the absence of profit.

### "BUT FOR SERVICE"

The credit union's primary purpose is to serve its members. The directors and officers are members who understand credit union methods and are interested in the sound financial betterment of their fellow members.

Members are encouraged to build a share account which will act as a shock absorber in times of financial stress. They are also encouraged to avail themselves of a reliable and economical loan service when in need of money.

A credit union may be called a Co-operative Bank by which the members help one another in solving their financial problems.—CREDIT UNION NEWS, published by East Bay Telephone Employees Federal Credit Union, Oakland, California.

## The Drive Is On

The 4th Annual International Credit Union Membership drive is on!

Iowa's quota is 2,500 new credit union members. That means about an average of 11 to 12 per Iowa credit union. Based on this, our credit union could easily get the 11 or 12 new members. As a matter of fact we should get double that since our membership at one time was over 140 and there are enough potential members right now to more than make this possible.

LET'S SEE WHAT WE CAN DO ABOUT IT!! If you know of anyone in your department who is not already a member "go after him." Maybe you are the only one in your family that now belongs. Get two bits from each one, and a



signed membership application card indicating that they wish to subscribe for at least one share (\$5). They can pay for it in full or by installments; 25c per week or a dollar per month.

### Why Belong?

There are so many reasons why every eligible employee should belong to the credit union it is hard to enumerate all of them. Here are some of the more important ones.

(1) Our credit union is now in its 14th year and has long ago demonstrated its worth, practicability, and soundness.

(2) There is no other thrift organization like it! It's easy to save in the credit union; your savings are like just so much life insurance; and it costs you nothing because the credit union pays the premiums as an operating expense. This with the annual dividends is the cost the credit union pays for the use of your money. Every dollar that you save up to 55 will be duplicated dollar for dollar in case of your death at any time.

(3) Your savings help to build up your credit. Any time you need extra money, borrow "your own money." There will be no waiting; no red tape; it's quick—just like that!!

(4) If you get a loan with the credit union it likewise will be insured against your death, so that the balance will be paid off, thus relieving the beneficiary of much worry.

(5) Interest rates are fair and lower than other loan agencies charge. We are now prepared to make real estate loans; 5% per annum, and we will insure them the same as other loans.

### RESTRICTIONS REMOVED

Temporarily at least all restrictions on savings by individual members have been removed. We say "temporarily" because right now and the months ahead (we hope) the demand for money will in all probability exceed the amount we have on hand. The ideal manner of meeting this demand would be for every member to save more and if not saving any, to start saving.

The only reason we ever put on any restrictions was to prevent a few members from owning all the capital, and we hope that this new ruling will not tend to bring in a lot of money by a comparative few members. It's UP TO YOU!

If you are not saving, you should and the best place is in the credit union.—ACE NEWS BULLETIN (Ames City Employees Credit Union, Ames, Iowa).



Is there a genius in the house? Will Johnny's lessons cost you dear? Credit union savings, plus a loan if needed, will help you help him launch his career.

For mats of above feature, at 30 cents each, write Bridge editor, Madison 1, Wisconsin.

### Wise Men Say—

¶ Happy is the man that findeth wisdom, and the man that getteth understanding . . . (Wisdom) is more precious than rubies; and all the things thou canst desire are not to be compared to her. Length of days is in her right hand; and in her left hand riches and honour. Her ways are ways of pleasantness, and all her paths are peace. She is a tree of life to them that lay hold upon her; and happy is every one that retaineth her.—*Jewish Proverbs*.

¶ The harvest truly is plenteous, but the laborers are few.—*Matthew*.

¶ Make all you can, save all you can, give all you can.—*John Wesley*.

¶ An optimist sees an opportunity in every calamity; a pessimist sees a calamity in every opportunity.—*Anonymous*.

¶ A cynic is a man who knows the price of everything, and the value of nothing.—*Oscar Wilde*.

### Auto Financiers'll Get You If You Don't Watch Out

Credit union members have evidenced an increasing interest in the recent public hearing held here in Philadelphia, concerning excessive auto finance charges.

This probe, begun at the instigation of the Pennsylvania legislature, has produced some startling revelations. A typical example uncovered by the

probe involved an unpaid balance of \$514 on purchase of a used car. The insurance premium was \$26.25, making the total amount financed \$540.25. The finance charge was \$200.75. Of that, the dealer kept \$120.39, and the finance company got \$80.36.

Sifting of hundreds of complaints, and study of sales and questioning of auto dealers, and officials of banks, finance companies, and trade associations have disclosed total finance charges ranging up to 56 per cent.

The main point in question seems to be the so-called dealers' "pack." This is a trade term for charges which the finance companies either permit a dealer to add to a customer's bill, or which the dealer insists be added, threatening to take his business elsewhere if the finance company declines to go along.

The "pack" is ostensibly for extra services by the dealer. Actually it is the dealer's share of the finance charge. It is a hidden, extra profit for the dealer.

Participation by dealers in the finance charge has been accepted practice for years, but in the present market, with all cars at a premium, many dealers have been insisting on a larger and larger share, and have "packed" the finance charges to an extraordinary degree.

It is apparent that this information, which should be made public, is being suppressed. Your credit union feels that such excessive, yet legal charges, will soon be overcome by effective legislation. Until that time, however, play safe and borrow the Credit Union way.—PHILADELPHIA TEACHERS CREDIT UNION NEWS.

### It Is Fun to Grow Old

It is fun to grow old when you have no money worries.

Your credit union functions for just this purpose, and we may add a few questions that we will answer ourselves:

Why do I need a credit union? Because when I am making some extra money, it is a safe place to keep it.

When I am in need of financial help, I can call on my own credit union, appearing before members of a credit committee that are in the same position as myself, and who understand my problems because my problems are no different than theirs.

We need the credit union, and to those members who have not joined, we say, "Do it now." We are organized not for profit, but for service.—LOMTO BULLETIN, League of Mutual Taxi Owners, Bronx, New York.



### Very Elementary

"It was quite elementary, my dear Watson. As soon as I discovered that he saved some money every pay day, and was able to get handy, economical and confidential loans when he wanted extra cash, I knew he was a credit union member. So I merely had to call upon the thousands of credit unions in Canada and the United States to locate him and let him know he had inherited the Lord Cashal fortune."

"Very good, Mr. Holmes. A person is very wise to join a credit union, isn't he?"

"That he is, Watson. An active credit union member, who adds to his share account regularly, and borrows wisely from his credit union, is almost certain to prosper. And now would you mind if I sent you to your lodgings at this early hour? I want to cogitate a bit before I turn in—about that Sulphur Road case."

### People Are Funny

People do funny things sometimes. For instance one of our ESEO members of long standing with an A-1 credit rating on anybody's books, missed a payment a few months ago on his ESEO loan. As is customary, our assistant treasurer sent him a delinquent notice. Time rolled on and no reply was forthcoming, so a second letter, a little stronger than the first was sent. No reply to the second letter was received, so the third one went out. This time we got results. The member started in by blowing his top. Certainly he meant to pay off his loan. Could he help it if he had to miss a payment on account of emergency expenses he hadn't planned on? Who did we think we were, Simon Legree?

Now this fellow is normally a very agreeable and reasonable sort of an individual and after the situation was explained to him, he cooled off and everything was worked out to everybody's satisfaction. He was looking at the thing from a purely personal standpoint at first and thought we ought to know he would pay his obligations as soon as he could.

It is definitely true that you do get more personal consideration from the ESEO than from any other financial

institution I know of, but—we operate under laws and regulations which are designed to give maximum protection to the credit union members and to allow us to give all the service possible consistent with that maximum protection. We are compelled by law and by all the rules of good business to insist upon the repayment of loans in accordance with the terms of the loan application our credit committee approved. We intend to keep faith with our members by continuing the policy of requiring strict compliance with the terms of a contract entered into by a borrower and the ESEO Federal Credit Union, and this insistence will be the same regardless of whether the borrower is a "big shot" executive of the agency or an office boy drawing the smallest salary paid. As far as the ESEO is concerned they are both just members and as such have equal rights and equal obligations.

Now the credit committee can grant an extension of a loan, if the circumstances warrant. To protect your credit rating and to help us faithfully serve you, always contact the credit committee if you are unable to make a payment when it is due, giving them all the facts. This will not only help you, but it may help our assistant treasurer from losing the remaining few hairs. If you don't do this, you can blame only yourself if we send you collection letters and camp on your trail. We're doing our part and it's up to you to do yours.—ESEO REMINDER, published by E.S.E.O. Federal Credit Union, Oklahoma City, Oklahoma.



### Melvin Pennypacker Says—

The credit union is the greatest discovery I have made since I met my wife. It would be mighty hard to beat its friendly, helpful thrift and loan service. Convenient, confidential, low-cost credit union loans have been a godsend to our family more than once. I advise everyone I meet to join the credit union.

It pays to be  
A credit union member.



### WANTED: 200 MEN-WOMEN

who are interested in helping themselves financially and who believe in cooperating with their fellow employees for the betterment of all, to join the E.S.E.O. FEDERAL CREDIT UNION during October and November. Details and list of advantages and disadvantages are on page 3.



### MEMBERSHIP CAMPAIGN ISSUE

On page 3 referred to above was the following:

**Balance Sheet  
E.S.E.O. Federal Credit Union  
As Of Anytime**

### ADVANTAGES

1. A safe place to save money.
2. A reasonable return on savings, in the form of dividends.
3. A convenient place to borrow money for any reasonable purpose.
4. A low loan cost (lowest of any we know of).
5. No hidden fees, investigation charge or extras.
6. Fast loan service (In emergencies borrowers have received a check in a few minutes after making application).
7. Free loan insurance (Insurance company has already paid \$1,062.50 of loans for families of members who died).
8. Confidential Service (Your fellow worker knows nothing of your dealings with the ESEO unless you tell them).
9. You get all the profits (All profits go to members and only members can borrow).
10. Members are owners (A true cooperative, each member having an equal voice in electing officers and fixing policy, regardless of amount of savings).
11. Restricted membership (You know your fellow members as they are employees of the Oklahoma Employment Security Commission or the U. S. Employment Service).
12. Members Protected (Periodic audit of books and records made by the Federal Deposit Insurance Corporation).

DISADVANTAGES  
NONE.



## IDEA EXCHANGE

### Goals for Common Good

"We shall not meet our obligations to the world unless we meet them to each other in our own land. The unity of work and purpose we knew at war is now replaced by a struggle for profit and power. Out of this controversy that brings to light shortcomings in our economic practices, a higher life may come, but only if the needs of all men are the standard for those engaged in it," proclaims the Annual Labor Sunday Message of the Federal Council of Churches of Christ in America.

As "indispensable to the realization of the common good," the Message sets forth the following goals:

- an annual income adequate for a worthy standard of living;
- an economy of high production and full employment;
- the provisions of decent housing and assured medical care;
- equal access to employment regardless of race and creed;
- the wider distribution of property and income and power.



Yes, your credit union is your baby. Or it should be.

Your credit union was organized and is operated by its members, for its members.

Its members furnish the operating capital from their savings. Its members elect its directors and committees from among their own number. Only its members may enjoy the benefits of its friendly thrift and loan service, which includes convenient, confidential, low-cost loans.

You are eligible to become a member if you are in the field of membership set by the charter. It will pay you to do so. You will be most welcome.

And if, literally speaking, it is your baby, on its way, remember—

A credit union loan will very likely help you take the worry out of those doctor and hospital bills that always trail along too.



### They're Fresh

LADY: "Are those lobsters fresh?"

FISHMONGER: "Madam, they are positively insulting."

November, 1946



### It's A Date!

He is handsome.  
He has a line.  
He knows the ropes.  
He has a convertible coupe.  
And

He belongs to his credit union. He makes regular deposits in his credit union share account—and if they should need extra money for home furnishings or baby expenses, he is firmly sold on the credit union's convenient, confidential, low-cost loan service.

No wonder she is delighted when he rings.

Why don't you join your credit

union . . . and make regular deposits in your credit union share account . . . and call upon your credit union's convenient, confidential, and low-cost loan service?

### On Poverty

I HAVE NOTHING BUT CONTEMPT for the people who despise money. They are either hypocrites or fools. Money is like a sixth sense without which you cannot make a complete use of the other five. Without an adequate income half of the possibilities of life are shut off . . . You will hear people say that poverty is the best spur to the artist. They have never felt the iron of it in their flesh. They do not know how mean it makes you. It exposes you to endless humiliation, it cuts your wings, eats into your soul like cancer. It is not wealth one asks for, but just enough to preserve one's dignity, to work unhampered, to be generous, frank and independent.—From *Of Human Bondage*, by W. Somerset Maugham.

⚠ Watch out for these thieves: Rust, Decay and Careless Use.

### OUR BALANCE SHEET

#### ASSETS

<b>A</b> dvance payments, such as B. C. Credit Union League dues, Insurance, etc. ....	\$ 649.58
<b>N</b> aturally our Treasurer has some small change in the till .....	20.00
<b>D</b> eposited in the Bank, as of today, we have .....	2,095.95
<b>S</b> hares and Deposits in the B. C. Central Credit Union .....	1,689.85
<b>T</b> he Victory Bonds we own amount to .....	300.00
<b>I</b> ncidental Assets .....	100.26
<b>L</b> oans our members owe us .....	109,888.94
<b>L</b> ess important, but still assets, are such things as office furniture, fixtures, etc. ....	903.29
<b>SOME TOTAL (eh! what!)</b> .....	<u>\$115,647.87</u>

#### LIABILITIES

<b>W</b> e owe our members for Shares and Deposits .....	\$102,073.97
<b>E</b> ducation and Publicity Fund .....	95.18
<b>G</b> uaranty Fund, to protect ourselves from bad debts .....	1,136.99
<b>R</b> eserve fund for wear and tear on our equipment .....	61.45
<b>O</b> ur Profit and Undivided Earnings amount to .....	1,670.91
<b>W</b> e have borrowed for our members' use and have run up bills amounting to .....	10,609.37
<b>COMES OUT EVEN!!</b> .....	<u>\$115,647.87</u>

—Vancouver Federal Employees' Credit Union, Vancouver, B. C.

# A tale of embarrassment which may be a warning to you

I AM JUST a treasurer doing a full time job with our employing organization and a full time job as treasurer of our credit union. Since our field of membership is a General Office, which employs only a little over two hundred persons, a good many of whom are top ranking officials, our possibilities for expansion as a credit union are somewhat limited. Our present membership is 168. I mention this to bring out the fact that it precludes us from employing a full time treasurer who could devote more than just his leisure time to act in that capacity; and this leads up to my subject of old age benefit taxes.

Although quite a studious reader of the *BRIDGE*, without which I must admit I would be sunk, I must have skipped or skimmed over the warning published therein years ago in regard to the "Old Age Benefit Tax" as it is frequently called and thereby hangs a tale of embarrassment for me and also possibly you, my reader, if you have not complied with the law.

There may be some excuse for me as the organization with which I am connected comes under the law known as the "Carriers Taxing Act of 1937" later superseded by Sec. 1532 of the Internal Revenue Code, and in paying taxes under this Act, I was under the impression that insofar as Social Security Taxes were concerned, I was exempt from taxation on the small amount of \$7.50 per month which the credit union was paying back in 1937. To further confuse me, I had contacted an individual in the office of the Collector of Internal Revenue in this district and he led me to believe that our credit union, employing less than eight persons, was exempt from taxation under the Act, which to my chagrin I found later to be incorrect. He apparently was only referring to that part of the Act dealing with unemployment compensation.

I dismissed the matter from my mind and just let things drift along

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E. J. Poetter is treasurer of the Southern Freight Bureau Employees Credit Union, Atlanta, Georgia. This article is based in part on a release issued by Agnes Gartland, managing director Massachusetts Cuna Association, and on information furnished by James R. Delay, managing director Georgia Credit Union League. It has been reviewed by a responsible official of the Social Security department of the office of the Collector of Internal Revenue.

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by E. J. Poetter

until one day not so long ago a deputy collector from the Internal Revenue Department dropped in and pulled me up short and sort of read the riot act to me. Then I began to look into things and found I was compelled to go back to January 1, 1937, and make a quarterly report for each quarter year from 1937 to date, make a remittance and pay interest at the rate of 6% per annum on all delinquent amounts I failed to report. The total bill amounted to \$112.38 and, had the collector insisted on penalties, would have been much more.

Although fully covered as to old age benefits under the "Railroad Retirement Act," I found that I was also subject to the "Social Security Act" as treasurer of the credit union receiving compensation. I learned a lot about Income Taxes and Social Security Taxes about this time and I will gladly pass on to you treasurers some of the pertinent information I obtained.

## Income Tax

It is still necessary for state chartered credit unions to file a request for exemption from Federal income tax under Section 101 of the Internal Revenue Code. There is no blanket exemption for credit unions. F.D.I.C. files this request for Federal Credit Unions, but state chartered credit unions must file the request themselves. A special blank for this purpose may be secured from your League or from CUNA, in case you have not claimed and received this exemption.

## Insurance Contributions Act

To begin with, the Social Security Act is a permanent part of our Federal law. It was passed by Congress in August, 1935, upheld by the Supreme Court of the United States in May, 1937, and broadened by amendments in August, 1939. The Act provides for an old-age and survivors insurance system designed to furnish the average worker and his family something to live on when he is too old to work and to assure an income to his dependents after his death.

The old-age and survivors insurance system is administered entirely by the Federal Government. Most employers and employees are covered by the provisions of the act. This is not a matter of choice. Employers and employees covered by the law are legally required to comply with it.

During the years 1937, 1938, and 1939, and compensation, even as little as \$5 per month, was subject to taxation of one per cent of the employee's salary to be paid by the employee and withheld by the employer, and one per cent to be reported and paid to the Collector of Internal Revenue. Under the amended Act effective January 1, 1940, the tax will not apply if the total compensation paid to an individual does not exceed \$45 per quarter, *provided the employer has been ruled exempt from income tax*. See above. The importance of applying for and securing exemption from Federal income tax is apparent, since additional taxes are payable by any credit union not ruled exempt.

Every credit union operating under state charter (Federal credit unions are precluded from coming under the Social Security Act) which pays its treasurer or other employee more than \$45 per quarter, must file Form SS-1a and pay quarterly, not later than the last day of January, April, July, and October in each year, the Old Age Benefit tax due from employer and employee. The employee's tax may be withheld from the salary or bonus paid him, or it may be paid by the credit union in addition to the employer's tax.

**What You Should Do:** If your credit union pays its treasurer or other employee more than \$45 in any one calendar quarter and you have not heretofore subjected yourself and your credit union to the "Federal Insurance Contributions Act", you should immediately get in touch with your near-



est Social Security Board Office and file an application on Form SS-4 for an employer's identification number. You will then receive an identification number from your Collector of Internal Revenue on Form SS-6. Enter this identification number in your permanent records and keep it filed for handy reference. Form SS-4 may be obtained from your nearest Social Security Board office or your Collector of Internal Revenue. Form SS-1a, quarterly report, may be secured from the Collector of Internal Revenue.

Numbers are used by the Social Security Board to identify the accounts of employees, also. Employees without account numbers should complete Form SS-5, which may be obtained from the office of the Social Security Board in your city or town, or from your local post office, or from the Collector of Internal Revenue, and send or take it to the nearest Social Security Board. This number is important because in preparing quarterly reports on Form SS-1a, it is necessary that this number together with the employee's name be shown.

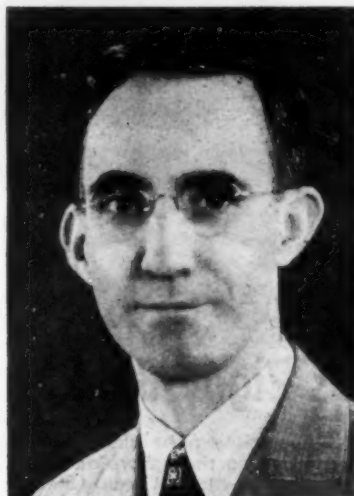
Each quarter the credit union must file Form SS-1a on or before the last day of the month following the close of the quarter, either showing no taxable wages, or listing the taxable salaries of more than \$45 paid during the quarter and paying the Old Age Benefit tax of 2% (1% for employer, 1% for employee) to the Internal Revenue Collector. If your credit union does not pay any employee on a monthly or quarterly basis but votes an annual salary or bonus to the treasurer or other employee of more than \$45, the tax should be paid at the end of the quarter in which the compensation is paid. Form SS-1a should be filed in other quarter marked "No Wages Paid" or "Non-Taxable" if the amount of compensation is not more than \$45.00.

#### Summary

To comply with Old Age Insurance (Federal Insurance Contribution Act):

- (a) Obtain employer's identification number.
- (b) Be sure to get the employee's account number.
- (c) File Form SS-1a quarterly, and
  - (1) Pay tax of 2 per cent on all wages paid in quarter (1 per cent for employer, 1 per cent for employee) if credit union has not received formal notice of its exemption (see section above on "Income Tax") from income tax, or
  - (2) If exemption from income tax has been obtained, pay tax of 2 per cent on wages of each employee who receives more than \$45 per quarter, or
  - (3) If a bonus is paid annually and exceeds \$45, the tax

must be paid at the close of the quarter in which the compensation is paid. Reports for the other three quarters should be marked "No Wages Paid" or "Non-Taxable".



**W. A. Dunkin**  
New Cuna Secretary

ART DUNKIN, who was elected secretary of the Credit Union National Association at its 1946 board of directors meeting, has been an active credit union worker since he took charge of the management of the newly organized Kemba St. Louis Credit Union, St. Louis, Missouri, in 1934.

He has been a director of the Missouri Mutual Credit League since 1936; a member of the League's Executive Committee since April of this year, and has served as chairman of the League's Executive Committee since 1942.

He helped organize, and since January, 1944, has served as treasurer of, the St. Louis Mutual Credit Union (for local credit union officers), and has been treasurer of the Missouri State Credit Union (central credit union for all credit union officers in the state).

Art was secretary of the Midwest Conference of Cuna's Midwest District in 1943, 1944 and 1945.

Aside from his credit union history—Art was born in St. Louis in 1900 and has lived there or thereabouts all his life, except for a short period in Chicago from 1919 to 1922. Before entering his credit union career he served as credit manager, office manager, store auditor in various companies.

He has also been active in Boy Scout work since 1939; is treasurer of the Southampton Presbyterian Church.

He and his wife, Dorothy, have three sons, James, 16; Richard, 12, and David, 2.

## Order Yours Promptly

► More popular every year is the special annual meeting issue of *Bridge*—the January issue which is designed for each individual member. And each year it gets better, too, we are assured.

► This year, with credit union activity leaping as it is, we expect to have extra trouble guessing what the demand will be and providing enough copies to meet it. Honestly, the only way you can be sure to get a copy for each of your members, is to place your order before we go to press, on December 16.

► Which means that any needed board action should be taken at your November board meeting.

► This issue will be full of credit union and related material of popular interest. It has in the past proved itself to be a major promotional tool.

► Order copies now for each of your members and for your most likely potential members. *5 cents each in bundles of 20 or more.*

### Order Form

## Bridge

Madison 1, Wisconsin

Please send ..... copies of special 1947 Annual Meeting Issue of *Bridge* to

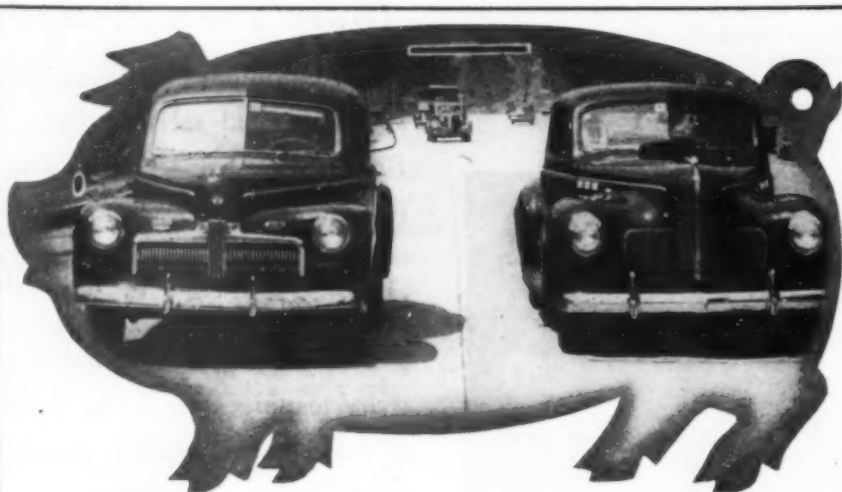
Name and Title.....

Name of credit union.....

Address.....

City, zone if any, State.....

..... Check enclosed. .... Please bill us.



## As Handy As Junior's Piggy Bank

That's one of the features your members appreciate most about their Credit Union. Yet, many Credit Unions are not getting their share of that most profitable type of loan—automobile financing. Many Credit Union members are taking delivery of cars right now, and are financing them elsewhere—WHY?

### Interest — Insurance — Advertising

**Interest**—The many extra services rendered by Credit Unions make it unnecessary to match other finance plans dollar for dollar. However, many members will go elsewhere if your interest rate is out of line. Automobile financing does justify a favorable interest rate.

**Insurance**—Often the auto, fire, theft and collision insurance costs exceed the interest charge on the entire transaction. That's why it pays Credit Unions to choose their insurance carrier with care and accuracy. American Mutual offers specialized insurance service and protection at costs designed to make a most favorable interest and insurance combination. Ask us to tell you why.

**Advertising**—You can get more auto financing business by frequently reminding your members of the benefits they receive by financing a car purchase with their own Credit Union. In order to assist its policyholders, American Mutual has prepared a special portfolio of advertising, publicity and display aids for Credit Unions. These aids are yours to use and profit from merely for the asking. Also ask for Allied American Mutual's free guide on automobile financing. It will give you many how-to-do-it facts and ideas.

Fill in and mail the coupon today. No obligation.

**Pioneers in Lending: A Helping Hand to Credit Unions.**



Served By Amlico Credit Union



## ALLIED AMERICAN MUTUAL FIRE INSURANCE COMPANY

HOME OFFICES: 142 BERKELEY STREET, BOSTON 16, MASS.

Mr. T. Friendly,  
142 Berkeley Street,  
Boston 16, Mass.

Please send me your free portfolio of Advertising, Publicity and Promotional ideas for Credit Unions; also full details on Allied American Mutual's Fire, Theft and Collision Insurance Program for Credit Unions.

Name of Credit Union .....

Name of Individual .....

Address .....

City ..... Zone ..... State .....

## Legislative Roundup

(Continued from page 9)

3. Provide that dividends on shares may not exceed 5 percent.

4. To consolidate certain sections of the Act.—*Condensed from circular issued by B. N. Arnason, registrar of credit unions Province of Saskatchewan; furnished by A. H. Turner, secretary Credit Union Federation of Saskatchewan.*

### Texas

No meeting of legislature in 1946. Plan to propose amendments in 1947 which would:

1. Eliminate verbiage from the definition of credit union law which conflicts with specific provisions elsewhere in the law.

2. Permit credit unions to borrow up to 50 percent of capital and surplus without restrictions, primarily to allow them to hold F and G bonds.

3. Permit residents as well as citizens to become incorporators of a credit union.

4. Eliminate the two year maximum term for a loan.

5. Permit credit unions to charge losses to the guaranty fund. Present law has been interpreted to require losses be charged against earnings and undivided earnings.—*Condensed from report of James M. Barry, managing director Texas Credit Union League.*

### Washington

Legislation is being introduced this winter which would:

1. Permit credit unions to grant first mortgage real estate loans.

2. Permit one member to hold up to 10 percent of the credit union's shares and deposits.

3. Permit unsecured loans up to \$300.

4. Liberalize requirements in regard to filing of reports with Supervisor.—*Condensed from report of W. C. Ohlfs, executive secretary, Washington Credit Union League.*

## 28 in September

### 341 for Year

CALIFORNIA organized six credit unions during September to lead all provinces and states for the month. New Mexico came in second with five. The following states each organized two credit unions during the month: Florida, Indiana, Louisiana, and Oklahoma. Those chalking up one each are: Colorado, Kansas, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, and Tennessee.

For the year, through September, 341 credit unions have been organized, as compared with 222 for the same



period last year. The top ten areas are Ontario, 32; New Mexico, 27; North Carolina, 21; California, 17; Ohio, 17; Illinois, 15; New York, 15; Connecticut, 13; British Columbia, 11; and Michigan, 11.

Father McGuire, in New Mexico, is doing an outstanding job of organizing credit unions in a sparsely populated area. The New Mexico credit union law was adopted in April, 1945.

#### The Organization Drive

The nine-month drive for 1,000 new credit unions, initiated by the Cuna annual meeting in May, goes into its fifth month with barely 17 percent of its goal reached. The Southern and Western Cuna districts are pacing the other districts, both in number of credit unions organized, and in percent of quotas obtained. The Southern district has slightly over 30 percent of its quota; the Western district slightly under 29 percent of its quota. Other percentages are: Northeastern, 19; Eastern, 22; Central, 22; Midwest, 18.

Following are the present totals:

District	Goal for nine months	Three months actual
Canada .....	200	14
Northeastern (Conn., N.H., Me., Mass., N.Y., R.I., Vt.) .....	125	19
Eastern (D.C., Del., Md., N.J., Pa., Ohio, Va., W. Va.) .....	150	22
Central (Ill., Ind., Mich., Wisc.) .....	150	22
Midwest (Iowa, Kans., Minn., Mo., Nebr., N.D., S.D.) .....	125	18
Western (Ariz., Calif., Colo., Ida., Mont., Nev., N. Mex., Ore., T.H., Utah, Wash., Wyo.) .....	125	36
Southern (Ala., Ark., C.Z., Fla., Ga., Ky., La., Miss., N. C., Okla., P. Rico, S.C., Tenn., Texas) .....	125	38
	1,000	169

#### In Florida

Earl Rentfro, formerly manager of Cuna Mutual Insurance Society, writes from Florida:

"Miami, Jacksonville and Tampa chapters are in a three-way contest to see which organizes the most credit unions before December 31. The two losing chapters are to give a dinner to the president of the winning chapter and the new members of the Founders Club that qualify; also the president of the League at the next annual meeting. Credit Unions organized by me do not count as I am chairman of the organization committee.

"So far, no credit unions have been

organized, but everyone is having a big time hurling challenges at each other and figuring what they want to eat when the contest is over."

### Cuna Committees

ACTIVE LEADERSHIP of the Cuna organization drive reported above is in the hands of the Cuna Organization and Education Committee, the members of which are L. R. Nixon, Connecticut chairman; William Cyr, Massachusetts; W. P. Mallard, District of Columbia; Gurden P. Farr, Michigan; W. A. Dunkin, Missouri; A. C. Savage, Ontario; A. M. Angove, Washington; H. B. Yates, Texas. The committee set the drive quotas and is contacting leaders throughout the movement to promote greatly accelerated organization drive in the final months of the drive, which ends on February 28, 1947.

#### Other Cuna Committees

In addition to the committee named above other Cuna committees serving during 1946-47, as announced by President R. A. West and the committee chairmen, are:

#### COMMITTEES OF NATIONAL BOARD

Discount Bank Committee: W. P. Mallard, District of Columbia, chair-

man; Nat C. Helman, New York; Leopold L. Maynard, Rhode Island.

Policies Committee: A. C. Savage, Ontario, chairman; John Withrow, Ohio; Boris Blumenthal, Maine; W. R. Holt, Tennessee; W. O. Knight, Jr., South Dakota; Arthur Kahler, Wisconsin; John L. Moore, California.

Special BRIDGE Committee: W. A. Dunkin, Missouri, chairman; balance of committee unnamed.

Special Dues Committee: Joe Manion, Missouri, chairman; balance of committee unnamed.

#### COMMITTEES OF EXECUTIVE COMMITTEE

Auto Insurance Fact-Finding Committee: John Eidam, Nebraska, chairman; Harold Moses, Louisiana; Gurden P. Farr, Michigan.

Budget and Dues Committee: C. W. McKeever, New Jersey, chairman; W. A. Dunkin, Missouri; W. P. Mallard, District of Columbia.

Excess Bond Committee: Arbie Dale, Montana, chairman; John Eidam, Nebraska; L. R. Nixon, Connecticut.

Legal and Legislative Committee: Harold Moses, Louisiana, chairman; A. C. Savage, Ontario; John Eidam, Nebraska.

Management Committee: Gurden P. Farr, Michigan, chairman; W. A. Dunkin, Missouri; R. A. West, Illinois.

## Good News

CUNADEx, the approved system of visible record keeping for all credit unions, is now available for

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if it handles supplies*

or

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Madison 1, Wisconsin



## Once Upon A Time

### 20 Years Ago in Bridge

☛ Fourth Annual Catholic Rural Life Conference, at Cincinnati, Ohio, discusses credit unions under leadership of the Reverend J. M. Cambell, of Ames, Iowa.

☛ "No lasting good results from merely prosecuting usurers," comments a COLLIER's editorial. "Decent methods of meeting the emergencies of salaried people ought to be provided everywhere. The best method so far devised is the credit union."

☛ First Mississippi postal credit union organized at Jackson.

### 10 Years Ago in Bridge

☛ Harvey G. Ellerd, director of personnel for Armour and Company writes about the 90 credit unions employees of his company operate at va-

rious plants and branches. They have more than 24,000 members; shares totaling over \$1,500,000; have lent more than \$9,000,000.

☛ Four charters granted to Hawaiian credit unions in one day.

### 5 Years Ago in Bridge

☛ New York Central endorses credit unions.

☛ The minimum surety bond available to credit unions has been reduced from \$1,000 to \$500.

☛ Credit unions organized in September total 126.

☛ "There's no mystery in inflation; it's here, there's more to come, but it can be controlled," writes Eli Shapiro in featured article.

☛ Decatur Wabash Credit Union, Decatur, Illinois, comes through depression stronger than ever; in 15 years assets reach \$724,469, reports Ed Arnold, treasurer.

## What, Oh What, To Do

### In November

☛ Bring Membership Drive to a real climax. Give suitable recognition to those who contribute to its success.

☛ Promote plans for outstanding annual meeting. Be sure to appoint committee, and to arrange for meeting place and for any outside speakers or

entertainment if you have not already done so. Start talking it up.

☛ See that nominating committee is appointed and actively studying field of membership for possible "new blood" to relieve overworked veterans and to contribute new ideas.

☛ Advertise Christmas and fuel loans. Plan program to encourage members to start to save for next year's Christmas bills (whether or not you have a formal Christmas Club plan).

☛ Get necessary supplies for annual reports and start now your plans to make your reports really interesting and attractive.

## In Wisconsin

ELMER CHRISTOPH, of West Allis, was elected president of the Wisconsin Credit Union League at its annual meeting in September. Other officers elected are Wesley Stokes, of Green Bay, vice president; Ed. Eich, of Milwaukee, secretary; and Adolph Gull, of Milwaukee, treasurer. Reappointed were Fabian Monroe as managing director and Robert Gunnis as legal counsel.

### Cover Picture

NATIONAL FLOWER WEEK—November 3-10—pays tribute to flowers and the part they play in all our lives.—Society of American Florists photo.

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**STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933**

Of BRIDGE, published monthly at Mount Morris, Illinois for October 1, 1946.

State of Wisconsin } ss.  
County of Dane }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared C. G. Hyland, who, having been duly sworn according to law, deposes and says that he is the Business Manager of the Bridge and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Credit Union National Association, 1342 E. Washington Ave., Madison, Wis. Editor, Howard C. Custer, Madison, Wisconsin. Business Manager, C. G. Hyland, Madison, Wisconsin.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) Credit Union National Association, 1342 E. Washington Ave., Madison, Wisconsin (non-stock corporation).

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the book of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

C. G. HYLAND.

Sworn to and subscribed before me this 25th day of September, 1946.

[SEAL]

O. H. EDGERTON,

Notary Public.

(My commission expires Feb. 27, 1949.)



Executive committee of Michigan Credit Union League at highly successful 1946 annual meeting of the League in Detroit: James Harvey, secretary; Dale Chidester, vice president; Albert Marble, managing director; Gurden P. Farr, president; and Glenn Coutts, treasurer. Some 600 credit union people attended the various sessions of the all-day meeting. Chief guests were Charlie Hyland and Tom Doig, of Cuna, and A. B. MacDonald, Canadian credit union and cooperative leader.

## 'Round About

### The Credit Union Movement

¶ Morris Goldberg, pioneer of the Brooklyn Postal Employees Credit Union in New York, died recently. He has previously been president of the credit union for 10 years and was a director when he died. He had served as secretary of the Metropolitan Credit Union Chapter and as a director of the New York State Credit Union League. He was assistant payroll cashier, Brooklyn Post Office.

¶ In the year ending June 30, 1946, loans outstanding balances of Saskatchewan credit unions increased from \$1,265,511.00 to \$2,223,716.00, an

increase of 76 percent. In the same period the assets of these credit unions increased from \$3,054,998.00 to \$4,246,540.00, an increase of 39 percent.

### For Sale

Two Burroughs bookkeeping machines, style 780750, designed for credit union records. Purchased in 1940 and 1941 from the Burroughs Adding Machine Company and regularly serviced by them. Write S. H. Holl, Liquidating Agent, Philadelphia Navy Yard Federal Credit Union, 717 Chestnut Street, Philadelphia 5, Pennsylvania.

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Front

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Back

1947	S	M	T	W	T	F	S	S	M	T	W	T	F	S
JAN	5	6	7	8	9	10	11	12	13	14	15	16	17	18
FEB	2	3	4	5	6	7	8	9	10	11	12	13	14	15
MAR	2	3	4	5	6	7	8	9	10	11	12	13	14	15
APR	6	7	8	9	10	11	12	13	14	15	16	17	18	19
MAY	4	5	6	7	8	9	10	11	12	13	14	15	16	17
JUN	1	2	3	4	5	6	7	8	9	10	11	12	13	14
JUL	5	6	7	8	9	10	11	12	13	14	15	16	17	18
AUG	1	2	3	4	5	6	7	8	9	10	11	12	13	14
SEP	1	2	3	4	5	6	7	8	9	10	11	12	13	14
OCT	5	6	7	8	9	10	11	12	13	14	15	16	17	18
NOV	9	10	11	12	13	14	15	16	17	18	19	20	21	22
DEC	7	8	9	10	11	12	13	14	15	16	17	18	19	20

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